

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6297

BILL NUMBER: HB 1131

NOTE PREPARED: Dec 30, 2010

BILL AMENDED:

SUBJECT: Video Service Franchise Fees.

FIRST AUTHOR: Rep. Koch

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that a provider of video service to Indiana customers under: (1) a certificate of franchise authority issued by the Utility Regulatory Commission (IURC); or (2) an unexpired local franchise issued by a local unit before July 1, 2006; may not be required to pay a franchise fee to any local unit with respect to any calendar quarter or other reporting period that begins after June 30, 2012. It provides for the expiration of a definition that becomes obsolete upon the expiration of the statutes in which the definition is used. It also amends incorrect references to federal telecommunications law. This bill amends an incorrect reference to a date in the state's video service franchising law.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill repeals the video service franchise fee beginning July 1, 2012. The franchise fee is deposited into the general fund of the entities that impose the fee. According to data available in the Local Government Database, taxing units have budgeted about \$20 M in revenue from the franchise fee in CY 2010. Taxing units would lose this revenue beginning with payments for the July 1, 2012, quarter.

The franchise fee is paid quarterly, within 45 days after the end of each calendar quarter. So, under current law the third quarter of 2012 fee is payable by November 15, 2012, and the fourth quarter fee is payable in

February 2013. Based on CY 2010 revenues, the CY 2012 revenue loss would be around \$5 M. Losses would be around \$20 M per year beginning in CY 2013.

State Agencies Affected:

Local Agencies Affected: Cities; Towns; Counties.

Information Sources: Local Government Database, DLGF.

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